



## CHESTERFIELD COUNTY ADMINISTRATIVE POLICIES AND PROCEDURES

**Department:** Human Resource Management  
**Subject:** Retiree Health/Dental Benefits

**Policy Number:** 6-10  
**Supersedes:** 07/01/01  
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### I. INTRODUCTION

This administrative procedure establishes policies and procedures governing health and dental care for retirees of Chesterfield County and their dependents. The County reserves the right to modify or eliminate retiree benefits at any time.

### II. DEFINITIONS

- A. **Break in Service** – A break in service occurs when an employee is no longer employed full time by the County.
- B. **Continuation Coverage** – A temporary extension of insurance coverage at group rates in certain instances when coverage under the plan would otherwise end. See Section VI.
- C. **Disability** – VRS approved disability retirement.
- D. **Plan Year** – The period January 1 through December 31 unless otherwise stated.
- E. **Premium** – The total cost of health/dental coverage, consisting of the County contribution and the retiree contribution.
- F. **Qualifying Family Status Change** – A qualifying family status change is defined as one of the following events by the Internal Revenue Service:
  - 1. Marriage or divorce
  - 2. Death of spouse or child
  - 3. Birth or adoption of child
  - 4. Last eligible child no longer qualifies as dependent
  - 5. Loss or gain of spouse's employment
  - 6. Change in employment status for retiree or spouse
- G. **Retiree** – A full-time employee who retires directly from the County and begins to collect a retirement benefit from VRS.
- H. **Retirement Types** – Types of retirement include service (early or normal) and disability (work- related or non-work-related).
- I. **VRS** – Virginia Retirement System.

### III. COVERAGE

- A. **Eligibility** – Retirees of all retirement types that have at least five years full-time service with the county and have not been designated as ineligible for rehire due to serious misconduct may participate in county sponsored health and dental plans. HRM and the County Attorney's office will make a determination on what constitutes serious misconduct. The retiree will receive written notice from the department of HRM if determined ineligible for county sponsored health and dental plans.
- B. **New Retirees** – Upon proper notification of an employee's intent to retire from the County, HRM will provide all applicable enrollment forms and will coordinate the processing of those forms with appropriate vendors and the payroll section of the Accounting Department.

- C. **Outside the Service Area** – Retirees permanently residing outside plan service areas may not be covered by county sponsored health plans and therefore are responsible for acquiring their own health plan coverage, if coverage is desired. The County will reimburse such retirees for the cost of the health insurance up to the amount of premium the County would have contributed on behalf of that retiree if the retiree were enrolled in “Retiree Only” coverage. Reimbursement can be arranged on a monthly or quarterly basis. Proper receipts will be required by the payroll section of the Accounting department before reimbursement is made. Reimbursement is not available if the retiree’s health insurance coverage has been terminated pursuant to Section D of this policy prior to the retiree’s relocation to a permanent residence outside the service area. Reimbursement is not available for dental insurance or for dependent health or dental coverage.
- D. **Termination of Health and Dental Coverage** – Retirees and dependents whose coverage terminates for whatever reason are not eligible to re-enroll in any of the County sponsored plans, unless otherwise specified. Termination of coverage occurs at the earliest of the following events:
1. Failure of the retiree to pay required premium contributions
  2. Written notification from the retiree that coverage is no longer desired
  3. The retiree permanently moves outside the plans’ service areas (Reimbursement pursuant to Section C is available if the retiree would otherwise be eligible to participate in a county sponsored health plan and has not otherwise had their health insurance coverage terminated prior to relocation outside the service area.)
  4. The retiree dies
  5. The plan is terminated by the County (In this case, the retiree may re-enroll in another County sponsored plan.)
  6. The retiree’s coverage is terminated for cause as defined by the plan vendor
  7. Failure of the retiree to provide appropriate paperwork in a timely manner during open enrollment
  8. Any serious misconduct toward the county subsequent to the effective date of retirement
- E. **Opting-Out** – Retirees who opt out of health coverage at either their initial retirement date or during an open enrollment period are ineligible to re-enroll in county sponsored health coverage. A retiree who opts-out of health coverage can continue dental coverage. However, once a retiree opts-out of health coverage and then opts-out of dental coverage, their coverage terminates. They then become ineligible to re-enroll in any county health or dental coverage in the future.

#### IV. PAYMENT OF PREMIUMS

- A. **Amount** – County contributions toward retiree health and dental premiums are based on hire date and length of service. Retirees hired *prior* to July 1, 1992, with no subsequent break in service and those retirees with 20 or more years of service receive the same county contribution for health and dental care as similarly enrolled employees. Retirees hired on or *after* July 1, 1992, receive a five percent reduction in the county contribution for each year of service less than 20 years as follows:

<u>Years of Service</u>	<u>Percentage of County Contribution to Employee*</u>
20 +	Receives same as employee
19	95%
18	90%
17	85%

<u>Years of Service</u>	<u>Percentage of County Contribution to Employee*</u>
16	80%
15	75%
14	70%
13	65%
12	60%
11	55%
10	50%
9	45%
8	40%
7	35%
6	30%
5	25%
Less than 5	Not eligible for coverage

\*For example, if the County contributes \$100 per month toward the cost of employee only coverage, a retiree with 10 years of service would receive a county contribution of 50% of that (.5 x \$100 = \$50/month).

- B. **Process** – At retirement, retirees are responsible for completing an Authorization to Deduct Health/Dental Insurance Premiums form that allows premiums to be automatically deducted from their VRS retirement benefit payment. The payroll section of the Accounting Department will inform those retirees if their VRS benefit payment is insufficient to cover the required premium(s). Those retirees will be responsible for sending proper payment to the payroll section of the Accounting Department (including their accounts receivable invoice) by the first of each month. If the retiree fails to send proper payment within 30 days of the due date, the retiree will receive a certified letter from Payroll giving the retiree five days to pay in full. Failure to pay within the five-day grace period will result in termination of coverage. Inquiries about payment issues are the responsibility of Payroll. Retirees are responsible for keeping Payroll and HRM informed of a change in address or any other data changes that may affect their coverage(s).

## V. CHANGES IN COVERAGE

Changes in coverage are limited to the following events:

- A. **Open Enrollment** – Each year, retirees participating in a county sponsored plan will be given the opportunity to change plans or coverage during an open enrollment period.
- B. **Qualifying Family Status Changes** – Changes in coverage may also be made at any time, provided a qualifying family status change as defined in Section II.F has occurred. Retirees are responsible for notifying HRM of such changes within 30 days of the date of the family status change and providing appropriate documentation.
- C. **Medicare Eligible** – Retirees (and spouses of retirees who have county coverage) must notify HRM at least 90 days prior to their date of eligibility for Medicare.

## VI. CONTINUATION OF BENEFITS FOR DEPENDENTS (COBRA)

- A. **Qualifying Events** – Dependents who lose insurance coverage from the County for one of the following reasons have the right to continue coverage at their own expense for 36 months.
1. Divorce
  2. Dependent ceases to be a “dependent child” under the provisions of the plan
- B. **Process** – The retiree or dependent has the responsibility to inform HRM that a qualifying event has occurred within 30 days of the date of the qualifying event. Once HRM is notified,

information on the cost, terms of acceptance and length of coverage will be sent to all affected parties.